

EXHIBIT H

After careful consideration, it is apparent to me that a complete break of our business activities is necessary for both of us to go on with ~~your~~ our lives. You need to make money for the Fund, I need to make money for my family. You don't want to pay me anything for the 5 years I spent building the Bayon companies. I do not intend to be cheated out of it with nothing. You have certain revelations better left unsaid, I don't need any obstructions/interruptions in building out my business activities. We can both win or both lose depending how matters are dealt with from this day forward. I have a proposal that may handle most if not all of each of our mutual needs.

I am prepared to sign a general release on Bayon Fund and Bayon Mst., past, present and future in exchange for the same from you in addition to a published release of my leaving Bayon to pursue other activities and acknowledging my non-involvement in the past 9-10 months.

In exchange for this and in an attempt to create an even-out for the Fund and for myself I propose the following:

H.M.R. is has been hired to raise money for a company called KFK in Denver Colorado. The company has 2 principal businesses: clean-coal technology and a neural network that is used to optimise

The boiler process at a utility. The natural gas division called Pegasus is experiencing a surge in orders because of their superior technology, garnering orders recently from Cinergy, Constellation Energy, Black Hills Power & Light, among others. The overall market is in the hundreds of millions and they are the industry leader. Strategic industrial investments are on the verge of announcing investment within a very short time frame.

The clean coal technology called K-Fuel is a joint venture with Kennecott Coal, one of the 3 largest coal companies in North America. The process takes low BTU high polluting raw coal and through heat and pressure converts it into high BTU low polluting K-Fuel. The utilities around the country have a choice of paying more for lower polluting fuel that burns cleaner or paying for expensive back-end pollution control equipment like scrubbers. In addition, the effective cost of processing the coal has dropped 50% in the last 90 days with the overall doubling of coal prices. Barrel-equivalent processes like K-Fuel are subject to existing tax credits from the Federal Government that are substantial and on-going. They went to \$6.19 per barrel in 2001 and do not even begin to phase out until the price of oil touches \$48.00 per barrel. Tax credits are cash payments, and as

normal crack spread for conventional gasoline and diesel production.

The ^{COMPANY} needs two things: They need several million dollars to deal with cleaning up the balance sheet and funding several business initiatives and because of restrictions from an existing convertible cannot issue stock below \$3.65 (stock is now \$2.50 down from \$3.25 several weeks ago).

The proposal is to issue A unit consisting of 1MM shares of stock and 500,000 wts. struck at \$3.65 with a duration of 3 years. The ~~wt~~ unit position would be carried at cost, \$3.65 MM, and the stock would have registration rights before Dec. 31, 2001. The warrants would be detachable and could be marketed to market after registration of the shares.

My proposal is the following:

Bayon Fund is the owner of the units, but signs a management contract with H.M.R. for strategic advice and consulting. The increase in the value of the 1 MM shares is Bayon Funds' exclusively, but the warrants have vesting capability to H.M.R. upon the ~~following~~ anniversary of the following events:

Should KFK stock rise to \$6.65 per share during the duration of the 3 years, obviously hopefully much sooner, 1/2 on 250,000 wts. vest immediately to H.M.R. If/when KFK stock trades

At \$9.65 per share during the same time frame, the remaining 250,000 wts. are immediately translatable to H.M.R.

Because the pricing will be held at cost, there will be no market to market up or down until the shares are registered. It is our opinion that as the company makes certain key announcements, the stock will rise materially.

This agreement requires formal supporting documentation and unfortunately has a short fuse for response time because there are pending announcements from the Company itself.